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THE MOVEMENT FOR PUBLIC LABOR EXCHANGES

Our experience with employment-office legislation makes an interesting commentary on the work of reformers and social workers during the last decade of the nineteenth century and the first decade of the twentieth. "Bring manless job and jobless man together" and "eliminate fraudulent private labor agencies" were the cries which carried this legislation through the legislatures. But no one save political workers thought it worth while to concern themselves with the methods of conducting public employment offices and selecting the officials to administer the laws. Every period of widespread unemployment brought renewed agitation for such labor exchanges and many laws were enacted by states and cities. Yet the result of a quarter of a century of such effort is thus summarized by an investigator for the United States Commission on Industrial Relations:

The public employment offices of the United States as a whole are issuing inaccurate statistics. They are slipshod in recording information about employers and employees. They cater too much to casual laborers and the down-and-outs, thus driving away the better classes of workers. Too many are poorly housed and insufficiently lighted and ventilated. They fail to supplant private labor agencies or to lessen their exploitation of the workers. They do not exchange information with one another, even when closely located. They fail to bring themselves to public attention either by advertising or otherwise. Their superintendents are inactive and they have failed to arouse public interest in their work.

The gap between man and job yawns as wide as ever, and the "employment sharks" thrive as before.

It was in 1890 that Ohio created the first public employment offices in this country. Since then such offices have been established in 25 other states and they are now in operation in about 80 cities.¹ Besides these the United States Bureau of Immigration

¹ The unusual amount of unemployment during the last winter caused many cities to open employment offices. Most of these, however, were of a temporary nature and were primarily registration agencies for the unemployed. They did little business in placing workers. The states in which public employment offices are known

has maintained a labor distribution agency in New York since 1907, and recently the offices of the bureau throughout the country have undertaken to act as free employment offices. Most of the offices were created by state laws. In California, New Jersey, Oregon, Pennsylvania, and Washington they are municipal enterprises, although attempts are being made in all these states to establish state systems of labor exchanges. They represent an expense to the states and cities of about \$300,000 annually, and according to their reports they fill about 500,000 positions a year.¹

When these reports were investigated, however, it was found that in most of the offices the fact is not verified whether the person sent to an employer actually secured employment. Applicants who were merely referred to employers were assumed to have secured positions, although the common experience is that a very large proportion of them do not get work. In some cases positions were counted as filled, even when it was known that the applicants referred were not placed. In some states as in Maryland, Nebraska, and West Virginia, the employment-office business is conducted by the labor department mainly on the mail-order plan, and amounts to very little. In Montana the state law requires five cities to conduct employment offices, but practically no business is done. The work in most of the offices is still in a primitive state, without plan or system, and their main activity is with the lowest grades of unskilled labor—those who do odd jobs.

During the last few years, however, improvements have been inaugurated in some of the public employment offices which bid fair to revolutionize the work in all of them and establish them on an adequate and efficient basis. Massachusetts led the way in 1907 with an intelligent system of records and an efficient business

to exist either by state law or by municipal ordinance are Arizona, California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Montana, Missouri, Nebraska, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Washington, West Virginia, Wisconsin. South Dakota has a statute which makes every county clerk's office an employment agency, but little has been done with it.

¹ See also "Public Employment Offices in the United States," Appendix III, *Third Report of New York Commission on Employers' Liability and Unemployment*, 1911; and *Bulletin No. 109, U.S. Bureau of Labor Statistics*.

organization.¹ Wisconsin followed in 1911, adapting these to its own needs and adding an improved method of selecting the office force and a joint committee of employers and workers to advise in the management as well as to insure impartiality in labor disputes.² Ohio in 1914 took a further step when in conjunction with the city of Cleveland it established vocational guidance and protection bureaus for children and immigrants in connection with the State-City Labor Exchange. The leading offices in these states are conducted in an efficient and business-like way, improvements are constantly sought, and an effort is made to bring the smaller offices up to the same level of efficiency. There are individual offices, such as those in Tacoma, Washington, and East St. Louis, Illinois, which are also well conducted. Within the last year New York City has established a municipal employment bureau on a bold, business-like scale, and the state of New York is now organizing a system of labor exchanges according to the most approved methods. In all of these offices attention is given to the relation of employment offices to the problem of unemployment as a whole. In California, Illinois, Pennsylvania, Washington, and other states bills are now before the legislatures to establish bureaus of employment for conducting public employment offices according to the principles and methods worked out in the most advanced states.

The success in a few states has been due to the transfer of emphasis from general principles to methods of administration. The principles underlying public labor exchanges were known in this country in 1890, but nothing like a set of administrative principles was developed among them until very recently and there is still no uniformity in their methods, no co-operation among them, and few definite policies of management. Laws creating new employment offices rarely considered the failures and dangers developed by experience. Advocates contented themselves with establishing the principle of the labor exchange. This has been true generally of state laws, and it is true of the proposals for

¹ *Annual Reports*, State Free Employment Offices, Massachusetts Bureau of Statistics, 1907-14.

² *Bulletins of Industrial Commission of Wisconsin*, Vol. II, No. 9; *Annual Reports of Milwaukee Committee on Unemployment*; and *Report on Allied Functions*, 1914, p. 40.

federal laws advanced by such organizations as the American Association for Labor Legislation and the North American Civic League for Immigrants.¹ It is also true of the recently promulgated plan of the United States Bureau of Immigration.

The principle of a labor exchange has been excellently illustrated by the manager of an employers' labor bureau in Indianapolis:

These bureaus are [he said] what our Soldiers' and Sailors' Monument was to the travel-stained carpenter who recently applied for a job to a contractor engaged in building some houses in a suburb of Indianapolis. In answer to the contractor's query, "How far have you come?" the man replied, "I've walked from the Soldiers' Monument," explaining that he had spent his last penny in reaching its summit, where he could obtain a view of the surrounding country in the hope of locating new work in the course of construction. Like the monument, these bureaus are "pinnacles of observation," constituting the shortest cut between supply and demand.

But it is easy to say that the monuments shall be built; it is quite another thing and a much more difficult task to erect them so that they will actually stand up and serve the whole community as "pinnacles of observation."²

Recent experience has shown that the essential administrative machinery required to make a state or a national system of labor exchanges successful must include:

1. A civil service provision that will make tenure of office secure for every member of the staff, including the director, that will eliminate the incompetent political worker and attract capable people to make a career of employment in the service.
2. A joint committee of representative employers and workers to advise in determining all policies of management, and to assist in the selection of the staff under civil service, so that they may have confidence that the members of the staff will conduct the work impartially as between capital and labor. The members of the committee should be designated by the interests which they are chosen to represent.

¹ See Murdock Bill, H.R. 16130, 63d Congress. Several other bills for establishing federal employment bureaus were introduced in this Congress. None of them made adequate provision for proper administrative methods and policies, in the light of the failures of state laws. None of them was adopted by Congress.

² For a detailed discussion of the principles of practical administration of public employment bureaus, see *Political Science Quarterly*, March, 1914, p. 28.

3. An accurate and reliable system of records designed to show quickly and completely the character of the work of the offices and to furnish authoritative statistics on the problem of unemployment.

4. Uniform methods and records for the whole system of exchanges and co-operation and interchange of information among the offices, so that comparisons could be made easily and labor transferred quickly from place to place through the offices.¹

These essential administrative requirements cannot, of course, be absolutely insured, but no bill ought to be sponsored—least of all by organizations of social reformers—that does not contain these provisions. They have been developed in the states which are successfully conducting public employment offices, sometimes in spite of the laws, by strong personalities, and failure has resulted invariably where they have not been made a part of the management. It is disconcerting, to say the least, to see students and organizations continuing to advocate before legislatures bills which do nothing more than establish the general principle of labor exchanges, when this is now recognized in more than half the states, and when the greatest need is to work out methods of effective administration. Under exceptional circumstances such laws might become effective, as when administered by powerful and enthusiastic personalities; but ordinarily they result only in dismal failures, discreditable to the whole movement. It were much better to have no new legislation at all than to enact laws now that do not contain the proper administrative safeguards.

Fortunately for the movement for public labor exchanges there has appeared within the last few years a class of administrators in our labor departments who on account of their positions within the management have been forced to devote their main attention to the study of methods rather than to the principles of labor exchanges. It is interesting to note that many of these are former social workers, or men who would formerly have gone into settlement, or charity work, or have been employed by general social or philanthropic organizations. This, by the way, is a most significant development in administration of labor laws; it is rapidly growing and it promises to revolutionize and to make more

¹ Hearings before Committee on Labor on bill for National Employment Bureau, H.R. 17017, Part 3, July 13, 1914.

energetic and effective all our government work by introducing into the public departments trained people who formerly contented themselves with disclosing facts, agitating for reforms, and egging political appointees on to improve administration.

An important forward step was taken in the winter of 1913 when representatives of public employment offices from nine states and three Canadian provinces met in Chicago and organized the American Association of Public Employment Offices. Its purpose, as stated in the constitution, is "to improve the work of public employment offices, to secure co-operation and closer connection between them, to promote uniform methods, interchange information and reports, and to secure a proper distribution of labor throughout the country." The members of the Association are those employed in the employment offices operated by states and cities. They have seen the need and they have created a voluntary agency to do what the federal government ought to be doing. A second meeting of the Association was held in September, 1914, at Indianapolis, eleven states, the District of Columbia, and Canada being represented. The character of the meetings may be gathered from the subjects discussed: "What Is the Matter with Our Free Employment Offices?"; "The Wrong Way to Conduct a System of Public Employment Offices"; "How to Organize a State System of Public Employment Offices"; "How to Select and Train an Office Force for Public Employment Offices"; "A Record System for Free Employment Offices"; "The Handling of Casual Workers"; "A Plan for Gathering and Distributing Harvest Hands in the Grain States."

It will be noted that the main emphasis is on methods and policies of administration. Zest, interest, and improvements in the work of the offices in many states are being brought about by the Association. This function may indeed be a permanent one of the organization, but its other objects will never be properly accomplished until undertaken by the national government. The Association, however, is a step in that direction. At the last meeting two important committees were appointed: one a committee on standards to devise and report a uniform system of record-keeping, the other a committee on legislation to urge on state legislatures and

the federal Congress legislation that embodies the approved administrative measures. A resolution was passed calling on the national government to establish a federal bureau for the purpose of co-ordinating and standardizing the work of state and local public employment offices.¹

Growing directly out of the work of the American Association of Public Employment Offices has come the organization of the National Farm Labor Exchange. Following the discussion of "A Plan for Gathering and Distributing Harvest Hands" at the Indianapolis meeting, a call was issued for a Conference on Harvest Hands to which representatives of public employment offices, agricultural and labor departments, railroads, and farmers' organizations of the grain states were invited. The conference met in Kansas City in December, 1914, and a temporary organization was effected. A second meeting, at Omaha in February, 1915, made the National Farm Labor Exchange a permanent organization and adopted plans for the co-operation of the officials in the grain states with the federal government and the state employment bureaus in handling the immense army of harvest hands needed in the summer. The Farm Labor Exchange will maintain central offices at Kansas City, Sioux City, and possibly Minneapolis to organize the distribution of harvest hands. The plans of gathering information regarding demand used by the labor departments of Oklahoma and Kansas will be spread to the other states, and with the assistance of the federal government and state employment offices it is hoped in time to control the supply of men who go to the harvest fields, and thus to prevent overcrowding and undue hardship.

These movements for efficiency, uniformity, and co-operation among the public employment offices have been carefully studied by the United States Commission on Industrial Relations which is to report the results of its work to the next session of Congress.

In order to ascertain public opinion upon this subject the Commission had its staff prepare a tentative proposal for a national system of labor exchanges. Printed in pamphlet form, this proposal was submitted to persons and organizations interested in the subject throughout the nation. Many helpful

¹ Reports of the last meeting will be found in the *Monthly Bulletin* of the Pennsylvania Department of Labor and Industry, Vol. I, No. 6, November, 1914; and in the *Survey* for August 29, 1914. The complete proceedings will shortly be published.

criticisms and suggestions were received from employers, workmen, trade unions, employment agents, public officials, and private citizens. The consensus of opinion is that legislation of this kind is an immediate necessity.¹

The plan proposes to establish a Bureau of Employment in the Department of Labor, which would co-operate with state and municipal employment offices, regulate private labor agencies doing an interstate business, standardize the work of all labor exchanges and unite them into one national system. It is not intended that the federal government itself shall establish a chain of employment offices, but rather that it shall improve, co-ordinate, and standardize the work of the existing exchanges and those that may hereafter be created. The essential administrative measures described above are included in the plan, and it is proposed to encourage and assist state and local authorities to adopt these measures in their offices.² This idea that the federal government should not itself establish local employment bureaus, but should merely act as a regulating, standardizing, and co-ordinating agency, is a distinctly forward step in line with American experience and with the recommendations of the American Association of Public Employment Offices. Discussions of national labor exchanges and the bills recently introduced in Congress have overlooked this most important point.³

While it is generally conceded that public employment offices need to be standardized and united into a national system, there is considerable opposition to the movement that rarely comes out in the open. The opposition comes from some of the strongly organized employers' associations and from highly organized skilled trades. It is an opposition that is based on misconceptions and is not likely to prevail. The employers' associations have organized central employment bureaus of their own in many cities and they find these most effective weapons in fighting organizations among

¹ *First Annual Report of the United States Commission on Industrial Relations* Washington, D.C., 1914, p. 55. Copies of the printed proposals may be secured from the secretary of the Commission.

² Multigraphed revisions of the tentative proposals have been distributed by the Commission.

³ Compare *Hearings before Committee on Labor on Bills for National Employment Bureau*, H.R. 16130, June 5, 1914, Parts 1 and 2; also Supplement to *New Republic* December 26, 1914.

their employees. They therefore do not want them supplanted. Strongly organized trade unions, on the other hand, themselves serve as employment offices for their members, and they fear that public offices might tend to weaken their organizations.

But, on the one side, far-seeing employers are recognizing that the movement for public labor exchanges is inevitable as an efficiency measure which will organize the labor market on a modern, business-like basis, as other markets have been organized; and they take the position that since we are sure to have public labor exchanges they had better co-operate and see that the offices are efficiently conducted. On the other side the workers in the unorganized and weakly organized trades see in this movement an attempt of the government to help them by organizing the search for work. Even among the skilled trades, union men are beginning to see that the alternative to a national system of labor exchanges is not an ideal condition in which the unions find work for all their members and thus protect themselves against the competition of unorganized and immigrant workers. The real condition is that private labor agencies and the increasing number of employers' labor bureaus are entirely uncontrolled in placing these people, and it works out most disadvantageously both to union and to non-union workers. They are, therefore, demanding that the government shall conduct the labor exchanges and give them an equal share with employers in the management, and thus insure impartiality. More and more of the state federations of labor are taking this view and they are urging their views on the legislatures.

It may be noted in passing that the same kind of opposition was encountered by the European labor exchanges in their early stages, but experience removed it and resulted in the formation of joint committees of employers and workers to assist in the management of public offices. In the highly organized trades the practice has developed of including a provision for an employment exchange in the trade agreements between employers and employees. These are conducted by representatives of both sides and very often they maintain their offices in connection with the public labor exchanges.¹

¹ Appendix II, *New York Commission on Employers' Liability and Unemployment*; also *Quarterly Journal of International Association on Unemployment*, III, No. 3, July-September, 1913.

This is a development which may reasonably be expected in this country as soon as a national bureau of employment succeeds in establishing the work of the public employment offices on an efficient basis.

In concluding, a significant tendency may be noted showing that labor exchanges are gaining in public favor and esteem. Until very recently they were called in this country "free employment offices," and were considered by the public largely as more or less charitable institutions. Now there is a strong tendency to substitute the word "public" for the word "free." The New York law calls its exchanges public employment offices, and the New York City office is known as the Public Employment Bureau. Most of the bills now pending before the state legislatures have also dropped the use of the word "free." It was just so with our school systems. They were at first known as "free schools" and were then considered largely as charitable institutions. When they became generally used they became "public schools." The movement for public labor exchanges has now acquired such a momentum that the word "free" is rapidly being eliminated and public employment offices are patronized by all classes of workers.¹

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¹ Other references that may be valuable to the student, not mentioned above, are: *Report of Mayor's Commission on Unemployment*, Chicago, March, 1914; *American Labor Legislation Review*, IV, No. 2, May, 1914; Commission of Immigration and Housing of California: *Report on Unemployment*, Supplement to *First Annual Report*, December, 1914; Chicago Municipal Markets Commission: *Report on a Practical Plan for Relieving Destitution and Unemployment in the City of Chicago*, December 28, 1914.